

Treasury Bills rates on a record low as demand remains high.

- A total of K254.8m was offered for the Treasury bill auction this week in the 182, 273 and 364 days terms. A total of K194.8m was offered in the 364 days segment.
- The total subscription was K254.8m representing an oversubscription rate of 1.70x more than the issuance amount.
- The rates dropped further across the board with the 364 days closing at 2.55%, a 64% drop from beginning of the year.
- Graph 1.0 depicts movement within a 6 month period.

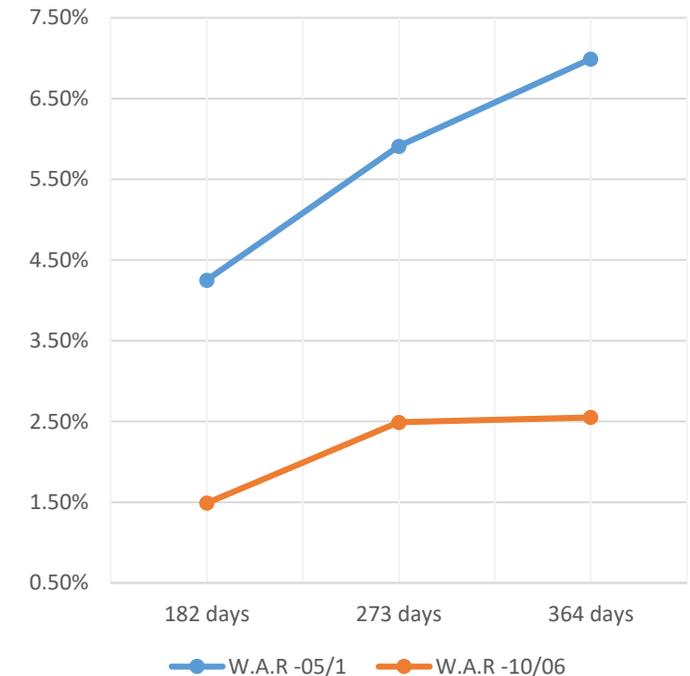
Table 1.0 – Previous auction results

Auction results 08 June 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -08/6	1.49%	2.49%	2.55%	
Amount on offer	10	50	194.8	254.8
Bids received	17.1	85.87	329.3	432.27
Successful bids	10	50	194.8	254.8
Oversubscription rate	1.71	1.72	1.69	1.70

Auction results 01 June 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -01/6	1.68%	2.90%	2.98%	
Amount on offer	20	40	267.72	327.72
Bids received	22.1	92	470.39	584.49
Successful bids	20	40	267.72	327.72
Oversubscription rate	1.11	-	1.76	1.78

Auction results 25 May 2022				
Terms	182 days	273 days	364 days	Total
W.A.Y -25/5	1.83%	3.50%	3.37%	
Amount on offer	10	0	291.15	301.15
Bids received	29.5	0	875.67	905.17
Successful bids	10	0	291.15	301.15
Oversubscription rate	2.95	-	3.01	3.01

Graph 1.0 – yield curve showing movement in T-bills between Jan and June 2022



Money market insight

- Term deposit rates remained steady across the commercial banks. Other financial institutions saw mixed results as FIFL adjusted lower in this week's close .
- The first Treasury Bond (GIS) issuance was conducted on the 19th April 2022 with an offer of K700m. The auction was oversubscribed by K512m. Rates dropped compared to previous auction in 2021.
- The government plans to issue K1.75bn in Treasury Bonds this year 2022.
- Investors will continue to seek yield as a hedge against inflation.

Table 2.0 – Financial institutions rates and short term government paper rates as at 10 June 2022

Issuer	Term & rates (Current)					Term & rates (Previous)					Change/movement				
	30	60	90	180	365	30	60	90	180	365	30	60	90	180	365
Commercial banks															
BSP	0.10%	0.10%	0.15%	0.60%	1.10%	0.10%	0.10%	0.15%	0.60%	1.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Kina Bank	0.50%	0.75%	0.90%	1.15%	1.25%	0.50%	0.75%	0.90%	1.15%	1.25%	0.00%	0.00%	0.00%	0.00%	0.00%
Westpac (PNG)	0.10%	0.15%	0.25%	0.50%	1.00%	0.10%	0.15%	0.25%	0.50%	1.00%	0.00%	0.00%	0.00%	0.00%	0.00%
ADIs															
BSP Finance (PNG)	0.10%	0.10%	0.15%	0.60%	1.10%	0.10%	0.10%	0.15%	0.60%	1.10%	0.00%	0.00%	0.00%	0.00%	0.00%
Credit Corporation (PNG)	1.00%	1.50%	2.50%	3.50%	4.60%	1.00%	1.50%	2.50%	3.50%	4.60%	0.00%	0.00%	0.00%	0.00%	0.00%
Fincorp	1.00%	1.50%	2.50%	3.50%	4.60%	1.00%	1.50%	2.50%	3.50%	4.60%	0.00%	0.00%	0.00%	0.00%	0.00%
Moniplus	1.00%	1.50%	2.50%	3.50%	3.60%	1.00%	1.50%	2.50%	3.50%	3.60%	0.00%	0.00%	0.00%	0.00%	0.00%
First Investment Finance	0.60%	1.00%	1.10%	1.15%	2.00%	0.70%	1.10%	1.25%	1.80%	4.00%	-0.10%	-0.10%	-0.15%	-0.65%	-2.00%
Government Securities															
Treasury bills (W.A.R)			1.49%	2.49%	2.55%			1.68%	2.90%	2.98%	0.00%	0.00%	-0.19%	-0.41%	-0.43%
Central Bank															
Central Bank bills (W.A.R)	1.01%	1.59%	1.63%			1.02%	1.66%	1.64%			-0.01%	-0.07%	-0.01%	0.00%	0.00%

Table 3.0 – Long dated government paper rates – last auction results in 2022

Issuer	Term & rates (Current)						
	2	4	5	7	8	9	10
Term (years)							
Treasury bonds (W.A.R)	6.50%	6.71%	7.50%	0.00%	0.00%	7.80%	7.90%
<i>Auction results from 22/04/22</i>							
Issuer	Term & rates (Previous)						
	2	3	5	6	8	9	10
Term (years)							
Treasury bonds (W.A.R)	8.50%	9.00%	9.70%	0.00%	9.90%	9.90%	9.90%
<i>Auction results from 28/07/21</i>							
Issuer	Change/movement						
	2	3	5	6	8	9	10
Term (years)							
Treasury bonds (W.A.R)	-2.00%	-2.29%	-2.20%	0.00%	-9.90%	-2.10%	-2.00%

Money market insight

- The Central Bank announced the trading for new TAP investments (BPNG Bills and Bonds) effective 2nd March, 2022. Bids are done via e-mails and e-payment modes only.
- Tbond rates are lower compared to previous rates. The bonds are available in 2, 4, 8 & 10 years terms.
- Tbill Tap rates dropped in the rest of the terms as compared to previous rates.
- Eligible Investors can participate in the Tap Investments.

Table 4.0 – Long dated papers-BPNG Tbill Tap and BPNG Tbond Tap as at 10 June 2022

Issuer		Term & rates (Current)			
Term (years)		2	4	8	10
BPNG TBOND TAP		6.00%	6.21%	7.23%	7.40%
<i>Auction results from 27/05/22</i>					
Issuer		Term & rates (Previous)			
Term (years)		2	4	8	10
BPNG TBOND TAP		6.75%	8.95%	9.40%	9.40%
<i>Auction results from 13/05/22</i>					
		Change/movement			
Term (years)		2	4	8	10
BPNG TBOND TAP		-0.75%	-2.74%	-2.17%	-2.00%

Issuer		Term & rates (Current)				
Term (Days)		63	91	182	273	364
BPNG TREASURY BILL TAP		1.80%	1.83%	1.67%	3.24%	4.10%
<i>Auction results from 20/05/22</i>						
Issuer		Term & rates (Previous)				
Term (Days)		63	91	182	273	364
BPNG TREASURY BILL TAP		1.82%	1.84%	1.77%	3.40%	4.55%
<i>Auction results from 13/05/22</i>						
		Change/movement				
Term (Days)		63	91	182	273	364
BPNG TREASURY BILL TAP		-0.02%	-0.01%	-0.10%	-0.16%	-0.45%

For more information on your bidding strategy, please contact the team on phone 309 8501 or email

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